

not? He wanted to talk about how the Republicans have put forth a plan that he says will destroy Medicare. That is what the majority leader wants to talk about. He wants to change the subject. Well, I wish it were not so. I wish Medicare were healthy. I wish it had the money to continue to honor the commitments we have made in the years to come. But it does not. It is just does not. We do not have the money to continue at this rate. It is not impossible, though, to fix it and it is even more possible to fix Social Security. Medicare is a little harder than Social Security. But both of these can be fixed and made permanent and sound. We need to talk to the Medicare trustees. We need to be honest with one another and see how we can make those plans solvent.

But that is just one part of the problem. In the immediate time, we have got to reduce discretionary spending, across the board. I think we have to. I wish that were not so, but it is. Countries around the world are doing it. Cities are doing it. Governors are doing it. This Congress has done nothing of the sort. Indeed, as I mentioned, last year—the last 2 years—discretionary spending—nondefense—has gone up 24 percent. Defense went up. We hear a lot of complaints about defense. It was up 2 or 3 percent a year for the last 2 years. Other nondefense went up 24 percent.

I cannot tell you how deeply I believe our Nation is on a perilous course that needs to change. I want to say again, I have great affection for my friend Senator REID. He has got a tough job. But he asked for it. He asked for it. And when the country is in financial crisis, we expect the majority leader of the Senate to effectively lead, and not to attack people who are trying to do the right thing, and to bring this country onto a sound path.

To say it is foolish to have a budget, what he meant was, it is foolish politically, of course. He was saying it is foolish politically to have a budget. It is not foolish for America to have a budget. It is foolish for America not to have one. Certainly it is not foolish to attempt to have a budget.

I feel that we, in this Congress, have not quite assimilated the severity of the situation in which we find ourselves. We remain in denial about how seriously we are being impacted and what substantial changes are going to be necessary. We are going to have to do like the Brits who are turning their country around. We might have to do as they did in Estonia. Talk to the Estonian people. The cabinet members took a 40-percent pay cut. I wonder what would happen around here if we talked about taking a 40-percent pay cut? But their debt to GDP is 7 percent, not 93. They intend to keep it that way. And their growth is coming back already. They are showing about 6-percent growth. Our growth is 1.8 percent in the first quarter. Coming out of a recession, it should be higher.

If we do the right thing, we get this country on the right path, we reduce

our spending, we watch every dollar we spend, and we make our country more productive, we eliminate unnecessary regulation, we focus on creating jobs and growth, the natural capabilities, work ethic, integrity, the legal system of America will allow us to continue to be the most prosperous Nation in the world.

I ask unanimous consent to have printed in the RECORD the letter I referred to earlier to the President.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JUNE 14, 2011.

Hon. BARACK OBAMA,

President, 1600 Pennsylvania Avenue, Washington, DC.

DEAR MR. PRESIDENT: Our country faces extraordinary economic challenges: a soaring budget deficit, a jobs deficit, and a leadership deficit in Washington that has resulted in our failure to confront a looming debt crisis. These fiscal problems are driven in large part by the unsustainable growth in health care entitlement programs and an inability to credibly face our budget challenges that severely undermines confidence in our economy. The failure of politicians to put forward real solutions that will save and strengthen these critical programs is threatening the economic security of American families and the health security of America's seniors. Just last month, we learned that Medicare's Hospital Insurance Trust Fund will become insolvent by 2024, only 13 years from now.

On May 13, 2011, the Medicare Trustees not only warned us that Medicare's insolvency date had advanced five years since last year's report but also confirmed that the program is now running a \$32 billion cash-flow deficit. To pay current benefits, the program is redeeming tens of billions of dollars in treasury debt instruments and dramatically contributing to our nation's surging publicly held debt. More troubling is that, in total, Medicare faces \$36.8 trillion dollars in unfunded obligations over the next 75 years, according to Medicare's non-partisan Chief Actuary.

For the sixth consecutive year, the Trustees have projected that general revenues will account for more than 45 percent of all of Medicare's outlays. When Medicare breaches this limit, section 802 of P.L. 108-173, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), requires the President to submit a legislative proposal to Congress to respond to the warning within 15 days of the next budget. Yet again, the Medicare Trustees have issued a funding warning that requires action by your administration. In fact, the Trustees have urged action "sooner rather than later" in order to "minimize adverse impacts on vulnerable populations."

As Chairman and Ranking Member of the House and Senate Budget Committees, respectively, we are deeply disappointed that your administration continues to ignore this legal obligation. In 2008, the previous administration submitted a proposal to Congress that took steps to address Medicare's fiscal imbalance. By contrast, your administration has not provided a response to the annual Medicare trigger, ignoring the law in each of the past three years. This year your budget did not even acknowledge the existence of the Medicare funding warning.

The country deserves honest leadership on this critical issue. The Fiscal Year (FY) 2012 budget that you submitted to Congress this year showed a lack of seriousness about the major fiscal challenges before the nation.

And, although you abandoned this budget in a subsequent speech, your administration still has not formally submitted a revised FY2012 budget to Congress. Meanwhile, Senate Democrats have not passed a budget in 776 days, disregarding legal statute and further eroding the integrity of the federal budget process. Now more than ever is the time to fulfill our obligations under the law rather than skirt them, and we would respectfully suggest that this mandate extends to the Medicare warnings issued each year that you have been in office.

Under the budget you submitted to Congress, Medicare as we know it will soon be unable to meet its promises to current beneficiaries. Rather than impose cuts on current beneficiaries and leave Medicare bankrupt for future generations, the House-passed FY2012 budget resolution outlines reforms to preserve and protect Medicare for those in or near retirement while saving and strengthening the program for future generations. Given the severity of this problem and your legal obligations, the nation needs leadership on this issue. Therefore, we reasonably expect your administration to submit a detailed legislative proposal to Congress addressing the Medicare funding warning as required by law.

We look forward to receiving a proposal from you that responds to the Medicare warning and to working with you to strengthen the health and economic security of those we have the honor to serve.

Sincerely,

PAUL RYAN,
*Member of Congress,
Chairman, House
Budget Committee.*

JEFF SESSIONS,
*U.S. Senator, Ranking
Member, Senate
Budget Committee.*

Mr. SESSIONS. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WYDEN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WYDEN. Madam President, I ask unanimous consent that Senator COATS, who is on the floor, and I be allowed up to 15 minutes to pursue a discussion about tax reform as if in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TAX REFORM

Mr. WYDEN. Madam President, Senator COATS and I have introduced bipartisan tax reform legislation. It is the first comprehensive overhaul of tax reform law in 25 years, since 1986, when then-President Reagan and Democrats got together and worked on a bipartisan reform that cleaned out scores of special interest tax breaks in order to hold down rates for all Americans and keep progressivity.

Senator COATS and I have worked also with Senator Gregg. I had that good fortune for a number of years, and

have picked up on some of what was done in 1986 by President Reagan and a large group of Democrats. He and I intend, in the days ahead, to come to the floor of the Senate and talk about some of the most offensive aspects of our totally dysfunctional tax system.

Today, we thought we would begin by discussing the alternative minimum tax. It seems to be pretty much the poster child for what is broken about the American tax system. It was enacted in 1969, after the Congress learned that 3 years earlier 155 wealthy taxpayers had paid no tax at all. The alternative minimum tax was designed to hit what amounted to a small group of tax evaders and not the millions of middle-class taxpayers who get shellacked by the AMT every single springtime. The problem has been that Congress has never indexed the AMT brackets for inflation.

While the regular tax bracket standard deductions and exemptions do get adjusted for inflation, the brackets and exemptions of the alternative minimum tax do not. As a result, millions of middle-class taxpayers, whose only fault is their incomes grew with the economy, now slip into this nefarious alternative minimum tax zone each year.

I would be interested, for purposes of starting this colloquy, to get the reaction of my friend and partner on it. We are going to bring up a number of these aspects of the tax system that cry out for overall reform. But I wonder what my friend's sense is about starting today with the alternative minimum tax, and how important it is that reform is done there for middle-class folks in Indiana and around the country.

Mr. COATS. Madam President, I want to thank my colleague from Oregon, Senator WYDEN, for working with me, and particularly working with Senator Gregg who is now retired from this Chamber. They spent an extraordinary amount of time, very productive but very time consuming, trying to put together a comprehensive tax reform, which, as Senator WYDEN has said, has been 25 years since we have tackled the Tax Code to try to simplify it and try to take out egregious provisions that were put in it over the years that may benefit a special few but don't begin to address the average middle-income taxpayer who is bearing a very substantial burden of taxes paid in this country.

Probably the most egregious provision and, as Senator WYDEN said, the poster child for the current dysfunction of the Tax Code and our tax system is the alternative minimum tax.

Senator WYDEN and Senator Gregg's program that they put together—and Senator Gregg urged me as I was coming into the Senate and he was leaving to work with Senator WYDEN in terms of working to keep this bipartisan effort going forward, and I have had the pleasure of doing so. We do have a comprehensive bill that we wish to debate and share with our colleagues. But we

also want to point out the reason why tax reform is so necessary.

A Tax Code that now comprises more than 70,000 pages with more than 10,000 special exemptions and preferences is certainly something that is way beyond our Founders' intention or any intention of taxation of the American people. This complexity is literally driving everybody nuts, including the tax accountants and CPAs and those who have to deal with it every year but, more importantly, the tax filers, American citizens, who each year start getting the sweats along about mid-March in terms of how they are going to get their tax return done. If they try to do it themselves, they ought to be able to; and, if passed, Wyden-Coats would give them the simplicity of reduced rates, easy filing for information, and the ability to do their taxes at home.

We spend an extraordinary amount of money—I think it is Americans spend nearly 6 billion hours a year—to have tax preparers do their tax returns. The alternative minimum tax is particularly egregious, as Senator WYDEN has said. It is grossly unfair. It hammers working Americans.

The temporary fix Congress has added in subsequent years from its initiation now protects individuals with incomes up to \$48,000-plus and couples up to \$74,000-plus. But taxpayers who earn more than that get whacked by the AMT, the alternative minimum tax, and the problem just gets worse.

As Senator WYDEN has said, it started with a few taxpayers in the high income brackets trying to evade paying any tax. That is how that came into play. But in 1997, several years later from the initiation, the AMT has hit 1 percent of all taxpayers. Next year, after this current fix expires, it will hurt more than 20 percent of taxpayers. To be exact, that is 34 million hard-working Americans. It is a poor fix that is currently in place on a temporary basis.

In my State of Indiana, 42,700 taxpayers had to pay AMT taxes in 2008, and without another extension of the patch or the fix, that will rise to 372,000 in 2012.

If you are a family with a number of children and you live in a high tax State or a local tax State, you are thrown into the alternative minimum tax computation. That means a double process by which you or your preparer has to file your taxes, and it means higher taxes never intended to hit the working class.

So in continuing this, I wish to reaffirm my thanks to the Senator from Oregon for allowing me to be part of this effort, and we look forward to many opportunities to discuss some of the more egregious portions of the Tax Code and reasons why we need to continue to work for comprehensive reform.

I would ask my colleague if he would delve a little more deeply into this in this colloquy we currently are entertaining.

Mr. WYDEN. Madam President, I hope that folks paying attention to this tax reform debate pick up on what Senator COATS has just described. When the alternative minimum tax was first debated, the country was talking about 155 people. These were the so-called wealthy folks. They were paying no taxes at all. What Senator COATS has just described is, next year, what started as a program to try to make sure that 155 people didn't end up getting a sweetheart deal, now we are going to see 34 million people crushed by this inequitable kind of tax, a kind of bureaucratic water torture.

We have about the same numbers in Oregon that Senator COATS has in Indiana. In 2008, 44,000 Oregon taxpayers had to pay the alternative minimum tax. Without some kind of extension or, as Senator COATS and I essentially want to do, abolishment of the alternative minimum tax, that is going to rise to close to 400,000 next year. The people who are getting hammered by this alternative minimum tax certainly don't fit that small class of the so-called freeloading wealthy folks who are figuring out ways to pay nothing.

For example, a woman earns \$65,000 in 2010, say she manages a health club, she has three kids, she has to file her taxes independent of her husband because they are in the middle of a divorce. As someone who is married, filing separately, she would have been hit by the AMT in 2010, according to the American Institute of Certified Public Accountants. Think about that, a woman who manages a health club making \$65,000, with three kids, filling out her taxes and going through the unbelievable headaches, being singled out under the alternative minimum tax.

I ask my friend from Indiana—and I am sure he has very similar people in Indiana—is that the kind of person the alternative minimum tax was designed to scoop up back in 1969?

Mr. COATS. Absolutely not, I would say to the Senator from Oregon. Clearly, if you go back to the origin of the alternative minimum tax, it was designed to go after those handful, in comparison to the total number of taxpayers in this country, who have found creative ways of not paying any taxes whatsoever. Wealthy taxpayers have simply been able to manipulate the Tax Code legally but in a way that allowed them to avoid paying taxes altogether. That is how all of this started.

What has happened is that we are now in a situation where it is grossly unfair to the majority of taxpayers in this country simply because they fall into categories that throw them into having the AMT calculated in their tax returns. It is costing them a lot of money. It was never intended to address the middle-class taxpayer, and it has grown exponentially since it started.

Mr. WYDEN. Would the Senator agree that the difficulty of projecting the AMT tax liability makes it tough

for taxpayers to compute their estimated tax payments and creates a situation in which, just because of its complexity, they can get hit with penalties?

I think the reason Oregonians are concerned about this—we have heard about it in the Senate Finance Committee—is that the AMT is essentially a separate tax system with its own tax rates and deduction rules which are less generous than regular rates and regular rules. This contributes to the tax-filing nightmare. The only way you can tell if you owe the alternative minimum tax is by filling out the forms or by being audited by the Internal Revenue Service. If it turns out you should have paid the alternative minimum tax and didn't, you owe back taxes plus any penalties or interests the IRS wants to dole out.

My question is, I ask my good friend, how in the world is a typical taxpayer going to be able to make sense out of something like that which lots of accountants tell me they cannot even sort through?

Mr. COATS. The Senator from Oregon is exactly right. I took three tax courses in law school. I cannot do my taxes with any assurance that I am doing it right because this code has become so incredibly complicated. The alternative minimum tax adds an additional set of calculations that make it even more complicated.

Today, 80 percent of the tax filers have to get help to file their taxes, 20 percent of those buy software and hook it into their computer and try to work through it that way, and 60 percent take it to a professional. If you are not working as a professional in a career as a CPA or a tax return specialist, you cannot keep up with the 70,000 pages and 10,000-plus exemptions and the complexity of filing a return. It should not in any sense of the matter be a tax collection system that requires 80 percent of our taxpayers to have to seek professional help at a significant cost. As I think I indicated earlier, \$6 billion a year is spent on transferring money from the person paying the taxes to someone just to prepare their returns.

Small businesses face a similar problem. Small businesses do not have the big back room with the hired accountants and others to handle all the paperwork. Small business men and women have to be out front selling the product and have to be talking to the customer. Yet they now also are caught up in this web of complexity in terms of how to file their taxes, and they are having to expend time and money on getting their tax returns filed and making sure they are filed right.

Over time, as the deficit and debt problem has increased significantly, Members have been all the more reluctant to eliminate this on a single stand-alone basis because of the impact it would have on our ballooning deficit. But on comprehensive tax reform, if we can put this together with a package of comprehensive reforms, we can do it in

a revenue-neutral basis so it does not have an adverse impact on the economy.

Again, I commend Senator WYDEN and Senator Gregg for putting together a package that does just that, and I ask my colleague if he wants to elaborate on that a little bit. I thank him for the opportunity to come down to discuss for the first if not the last time some of the egregious aspects of the Tax Code in this country that I think will dictate how we should move forward and why we should move forward in enacting comprehensive tax reform.

I thank the Senator.

Mr. WYDEN. The distinguished majority leader is here. I think we are about to wrap up. I am certainly happy to yield to him if he needs a few minutes to do the business of the Senate, and then Senator COATS and I will wrap up.

Mr. REID. Madam President, it is my understanding that the hour of 5 o'clock has arrived.

The ACTING PRESIDENT pro tempore. The majority leader is recognized. The Senator is correct.

EXTENSION OF MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to a period of morning business from now until 6:30 this evening, with Senators permitted to speak for up to 10 minutes each; that at 6:30 p.m. the majority leader be recognized, and that this work we are going to do during the next hour and a half be for debate only.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Oregon.

PATCHING THE AMT

Mr. WYDEN. Madam President, just to wrap up, Senator COATS and I are going to come to the floor in the weeks ahead to outline some of the most outlandish examples of how broken our tax system is. We thought it was appropriate to start with the alternative minimum tax because it really is the poster child for how out of whack the American tax system has become. I think we have highlighted a number of our big concerns, but I want Senators to pick up on the last point Senator COATS made, and that is that the country cannot afford the status quo.

The idea that you would just go out and pass what is called a patch, a kind of bandaid to try to make sure some of the pain is minimized for middle-class folks—the most recent patch for just 2 years cost \$135 billion. The 10-year cost to make the current patch permanent is \$683 billion, according to the Congressional Budget Office. A patch does not protect everybody; it just limits the damage.

What we want to say as we start this debate about how to go forward with tax reform is that the Congress cannot

continue to handle the AMT with a patch. The country cannot afford it. Patching the AMT costs way too much, especially given the discussions we are having here, bipartisan discussions about how to deal with the Federal debt.

The only affordable way to fix the alternative minimum tax, as Senator COATS has outlined this afternoon, is to fix it once and for all and do it within the context of comprehensive tax reform; to pick it up, as was done in the 1980s when a Republican President got together with Democratic Members of Congress and cleaned out special interest loopholes to hold down rates for everybody and give all Americans the opportunity to get ahead while still having a progressive tax system.

We would repeal the alternative minimum tax once and for all and do it in a way that does not add to the Federal deficit. This is not Senator COATS and I plucking a figure out of the sky. The Joint Committee on Taxation has analyzed our bill, and under their analysis, Senator COATS and I eliminate the alternative minimum tax without adding to the Federal deficit. In my view, that is a pretty good way to start tax reform, start it in a bipartisan way and particularly by focusing on something that is so inequitable to hard-working middle-class people.

I thank my good friend from Indiana. I am prepared to yield the floor if my colleague has anything else he wants to say. I want to express my appreciation for the chance to work with him. We cannot deal with these big economic issues, the big economic challenges our country faces without going forward in a bipartisan way. I am very fortunate to have such an able partner. I thank him.

Mr. COATS. I thank the Senator.

Mr. WYDEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MERKLEY). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BARRASSO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SECRETARY OF COMMERCE

Mr. BARRASSO. Mr. President, I come today to visit on the floor of the Senate because since last November the President has been trying to convince the American people that he has a plan to restart our economy. He was in North Carolina yesterday with his council to talk about issues. To me, the President's approach has left a lot to be desired. If the White House created as many jobs as it creates speeches, things would be a lot better. The President's empty words are not filling the pockets of American citizens.

The President has been given a new chance to show his commitment to economic growth, and that is the chance